

AMENDED IN SENATE APRIL 13, 2009

**SENATE BILL**

**No. 198**

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**Introduced by Senator Cogdill**

February 23, 2009

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An act to amend Section ~~32130~~ 32130.6 of the Health and Safety Code, relating to health care districts.

LEGISLATIVE COUNSEL'S DIGEST

SB 198, as amended, Cogdill. Health care districts: John C. Fremont Health Care District.

Existing law, the Local Health Care District Law, provides for the formation of local health care districts and specifies district powers. Existing law authorizes health care districts to ~~borrow money and incur indebtedness in an amount not to exceed 85% of all estimated income and revenue for the current fiscal year. Existing law also requires the money borrowed and indebtedness incurred to be repaid within the same fiscal year~~ *enter into a secured line of credit with a commercial lender, as specified, and requires any money borrowed under this line of credit to be repaid within 5 years from each separate borrowing or draw.*

~~This bill would authorize the John C. Fremont Health Care District to borrow money and incur indebtedness without being subject to the above-described provisions of existing law.~~

~~This bill would also state the findings and declarations of the Legislature concerning the need for special legislation.~~

*This bill would require any money borrowed under a line of credit established on or after January 1, 2010, to be repaid within 20 years from each separate borrowing or draw.*

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     *SECTION 1. Section 32130.6 of the Health and Safety Code*  
2     *is amended to read:*  
3     32130.6. Notwithstanding any other provision of law, a district  
4     may do any of the following by resolution adopted by a majority  
5     of the district board:  
6     (a) Enter into a line of credit with a commercial lender that is  
7     secured, in whole or in part, by the accounts receivable or other  
8     intangible assets of the district, including anticipated tax revenues,  
9     and thereafter borrow funds against the line of credit to be used  
10    for any district purpose.  
11    (1) Any money borrowed under ~~this~~ a line of credit *established*  
12    *prior to January 1, 2010*, shall be repaid within five years from  
13    each separate borrowing or draw upon the line of credit. *Any money*  
14    *borrowed under a line of credit established on or after January*  
15    *1, 2010, shall be repaid within 20 years from each separate*  
16    *borrowing or draw upon the line of credit.*  
17    (2) The district may enter into a new and separate line of credit  
18    to repay a previous line of credit, provided that the district complies  
19    with this section in entering into a new line of credit.  
20    (b) Enter into capital leases for the purchase by the district of  
21    equipment to be used for any district purpose.  
22    (1) The term of any capital lease shall not be longer than 10  
23    years.  
24    (2) The district may secure the purchase of equipment by a  
25    capital lease by giving the lender a security interest in the  
26    equipment leased under the capital lease.  
27    (c) Enter into lease-purchase agreements for the purchase by  
28    the district of real property, buildings, and facilities to be used for  
29    any district purpose. The term of any lease-purchase agreement  
30    shall not exceed 10 years.  
31    (d) Nothing in this section shall provide the district with the  
32    authority to increase taxes in order to repay a line of credit  
33    established pursuant to subdivision (a) unless the tax is passed  
34    pursuant to Article 4.6 (commencing with Section 53750) of

1 Chapter 4 of Part 1 of Division 2 of Title 5 of the Government  
2 Code.

3 ~~SECTION 1. Section 32130 of the Health and Safety Code is~~  
4 ~~amended to read:~~

5 ~~32130. (a) A district may borrow money and incur~~  
6 ~~indebtedness in an amount not to exceed 85 percent of all estimated~~  
7 ~~income and revenue for the current fiscal year, including, but not~~  
8 ~~limited to, tax revenues, operating income, and any other~~  
9 ~~miscellaneous income received by the district, from whatever~~  
10 ~~source derived. The money borrowed and indebtedness incurred~~  
11 ~~under this subdivision shall be repaid within the same fiscal year.~~

12 ~~(b) The John C. Fremont Health Care District may borrow~~  
13 ~~money and incur indebtedness without being subject to subdivision~~  
14 ~~(a).~~

15 ~~SEC. 2. Due to the unique circumstances concerning the John~~  
16 ~~C. Fremont Health Care District within Mariposa County, the~~  
17 ~~Legislature finds and declares that a general statute cannot be made~~  
18 ~~applicable within the meaning of Section 16 of Article IV of the~~  
19 ~~California Constitution. Therefore, this act is necessarily applicable~~  
20 ~~only to the John C. Fremont Health Care District.~~